

QUARTERLY REPORT

QIV 2015

Wrocław, 12.02.2016

THE MANAGEMENT BOARD'S LETTER

Dear Shareholders,

This last quarterly report in 2015 year closes a very successful period of time in our Company development.

Our achievements over the last year have been reported separately, thus only short summary is adequate. We've successfully raised over 7 million USD A round, achieving financial stability for two years. Our product was launched in Poland and we acquired our first prestigious customers, for which we executed complex implementations. All of these milestones were critical and allow us to continue work on next chapters of our Company development.

Due to insufficient stock analytical coverage of our space in Europe, it is hard to compare PiLab to other companies. In our area of focus, one can name only a handful of players operating as global vendor of products. These companies started to rapidly grow with the Big Data market that their solutions target. This is connected to exponential growth of data volumes, number of sources and to limitations of old analytical architectures. Looking for PiLab peers, we should further narrow to companies operating in the link analysis space, part of the analytics landscape that exploded for use-cases in banking, financial industry, telecoms, energy sector, trade, healthcare, government organizations, etc.

After such exercise the only shining point left on the horizon is company called Palantir, making it a truly interesting data point for further learning. Palantir is a private company that has so far fund raised 2,3 billion USD¹ in investment and began its operations in 2003² by taking a product concept out of PayPal. Their work resulted in first pilot projects in 2006³ and throughout the fifth to seventh year of company life (2007-2009) they managed to move from 8 pilot projects to 50 implementations. At the beginning Palantir only had tens of millions of USD for its development, currently their resources are much bigger. It is estimated that Palantir's revenue reaches approximately 1 billion USD – this explosive growth is important evidence of the market demand and the size of the market based on link analysis.

Our approach to analysis has the advantage that it is intuitive, it is designed to work the way the brain naturally analyzes information. Unlike traditional tabular analysis, thanks to visualization and exploration of connections yields understanding of indirect connections between data sources. Investors betting billions of dollars on Palantir perceive this rising market as new generation of analytics, which will become widely adopted standard within next years. Palantir is based on 15 year old and technology and requires an enormous amounts of money and engineers time to implement and therefore only projects above 10 million of USD in value are targeted. There is a very significant opportunity to target deals that are below the Palantir target size.

Our patented technology is proven to have architectural advantages with link analysis AND rapid implementation process that result in low TCO⁴. This is something we've initially suspected in 2013 and confirmed technologically in 2014. Since then PiLab executed over 20 beta pilot projects in Poland and based on that we launched our product and executed first sales and production implementations in the enterprise sector (mainly in finances, e.g. BZ WBK Santander Group).

¹ <http://techcrunch.com/2015/12/23/palantir-has-raised-880-million-at-a-20-billion-valuation/>

² https://en.wikipedia.org/wiki/Palantir_Technologies

³ <http://techcrunch.com/2015/01/11/leaked-palantir-doc-reveals-uses-specific-functions-and-key-clients/>

⁴ https://pl.wikipedia.org/wiki/Total_Cost_of_Ownership

Now we are assessing our technology and solution in the US, the most competitive and demanding market. Until today in Poland we have not competed against Palantir or other young companies. Proving ability to succeed in the US means that we can win worldwide.

Starting in 2018 we will begin scaling the business, a process that is less risky and more deterministic but more expensive and that is why we will require the B and C rounds. This year, we are starting to ramp sales in Poland and each next project develops key business processes: ability to execute repeatable and faster production implementations focused on use-cases with proven ROI, improvements in marketing and sales and so forth.

Our strategy and objectives for 2016 and first half of 2017 are:

- 1. Sales in Poland in order to show traction and build European reference list.*
- 2. Market testing in US, beta implementations at customer sites and technology development based on acquired feedback.*
- 3. Product launch and first sales in North America.*

Our Executive Board has confidence in our technology, team and opportunity. Taking up a third in a row, two year lock-up (report RB EBI 22/2015) on all of our shares is an indication of our confidence and commitment. We're standing in front of multi-year process of value building which is similar to what Palantir faced in 2006, challenging then IBM i2. Today i2 is being pushed out from the market by Palantir, yet this IBM product is still our major competitor in Poland. In the US, we have to win not only against technologies created 25 years ago (i2), but against newer products.

As of today, our Company has over 20 millions of zloty available. We've filed EU donation applications for our R&D activities. Our next formal fund raising round will take place 2 years from now at the increased valuation we expect from proving the ability to compete in the US market, a goal we're confident to deliver.

With best regards,



Paweł Wieczyński

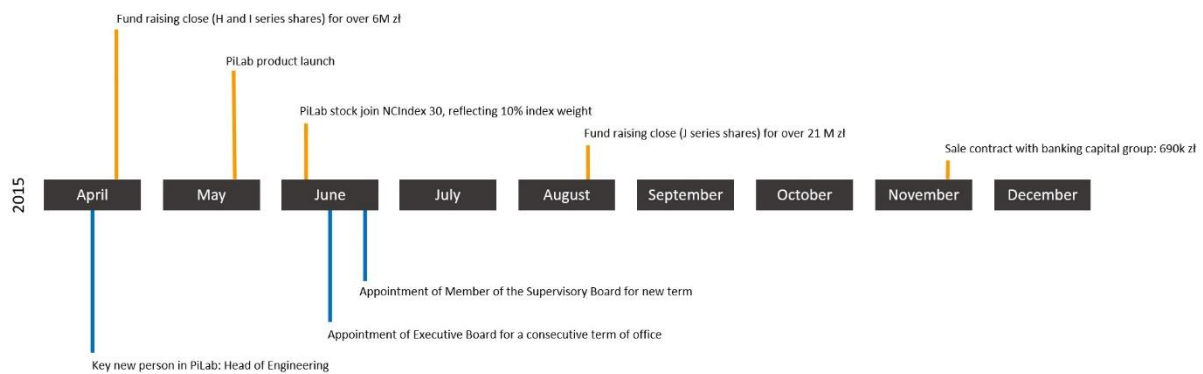
PiLab CEO

1. BASIC INFORMATION ABOUT PiLab SA

Company Name:	PiLab SA
Company Address:	ul. Rzeźnicza 32-33, 50-130 Wrocław
Phone:	+48 71 707 21 74
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www:	www.pilab.pl

Source: Company

2. TIMELINE



Source: Company

3. FINANCIAL DATA

Balance Sheet for the period 1/10/2015 to 31/12/2015 with comparative results

ASSETS	31.12.2015 PLN	31.12.2015 USD	31.12.2015 EUR	31.12.2014 PLN	31.12.2014 USD	31.12.2014 EUR
A Fixed Assets	893 390.66	229 009.94	209 642.30	739 869.23	210 957.24	173 584.50
I. Intangible assets	726 104.05	186 128.03	170 386.96	550 043.75	156 832.73	129 048.58
II. Tangible fixed assets	167 286.61	42 881.91	39 255.33	161 971.48	46 182.56	38 000.96
III. Long-term receivables	-	-	-	-	-	-
IV. Long-term investments	-	-	-	-	-	-
V. Long-term prepayments	-	-	-	27 854.00	7 941.95	6 534.97
B Current Assets	23 757 736.55	6 090 009.63	5 574 970.44	3 162 838.46	901 812.97	742 049.71
I. Inventory	-	-	-	-	-	-
II. Short-term receivables	1 658 408.81	425 113.12	389 160.81	792 395.66	225 933.98	185 908.00
III. Short-term investments	22 071 566.61	5 657 780.27	5 179 295.23	2 326 326.78	663 300.29	545 791.42
IV. Short-term prepayments	27 761.13	7 116.23	6 514.40	44 116.02	12 578.70	10 350.29
TOTAL ASSETS	24 651 127.21	6 319 019.56	5 784 612.74	3 902 707.69	1 112 770.21	915 634.21

LIABILITIES	31.12.2015 PLN	31.12.2015 USD	31.12.2015 EUR	31.12.2014 PLN	31.12.2014 USD	31.12.2014 EUR
A Equity	23 914 349.63	6 130 155.50	5 611 721.14	3 343 033.27	953 191.51	784 326.13
I. Share capital	300 550.00	77 042.37	70 526.81	178 700.00	50 952.33	41 925.72
II. Called up share capital (negative value)	-	-	-	-	-	-
III. Own shares (negative value)	-	-	-	-	-	-
IV. Supplementary capital	32 988 203.98	8 456 128.78	7 740 984.16	3 208 886.98	914 942.68	752 853.38
V. Revaluation reserve	-	-	-	-	-	-
VI. Other reserve capitals	-	-	-	2 912 594.00	830 461.34	683 338.57
VII. Previous years' profit (loss)	- 2 957 147.71	- 758 029.20	- 693 921.79	-	-	-
VIII. Net profit (loss)	- 6 417 256.64	- 1 644 986.45	- 1 505 868.04	- 2 957 147.71	- 843 164.84	- 693 791.55
IX. Write-off on net profit during the financial year (negative value)	-	-	-	-	-	-
B Liabilities and Provisions For Liabilities	736 777.58	188 864.06	172 891.61	559 674.42	159 578.70	131 308.08
I. Provisions for liabilities	-	-	-	11 577.00	3 300.92	2 716.14
II. Long-term liabilities	20 479.78	5 249.74	4 805.77	65 359.81	18 635.89	15 334.40
III. Short-term liabilities	716 297.80	183 614.31	168 085.84	482 737.61	137 641.88	113 257.54
IV. Accruals & Deferred Income	-	-	-	-	-	-
TOTAL EQUITY & LIABILITIES	24 651 127.21	6 319 019.56	5 784 612.74	3 902 707.69	1 112 770.21	915 634.21

Source: Company

Profit and loss account for the period 1/10/2015 to 31/12/2015 with comparative results

PROFIT AND LOSS ACCOUNT	IVQ2015	IVQ2015	IVQ2015	IVQ2014	IVQ2014	IVQ2014
	PLN	USD	EUR	PLN	USD	EUR
A Revenues from sales	428 152.34	109 994.18	100 448.65	45 117.16	13 372.80	10 708.27
I. Sales of products and services	428 152.34	109 994.18	100 448.65	45 117.16	13 372.80	10 708.27
II. Change in work in progress	-	-	-	-	-	-
III. Intercompany sales	-	-	-	-	-	-
IV. Sales of goods and materials	-	-	-	-	-	-
B Operating costs	2 311 297.71	593 782.33	542 252.65	1 019 158.12	302 080.18	241 890.71
I. Depreciation	31 304.43	8 042.24	7 344.32	65 568.71	19 434.68	15 562.32
II. Materials & energy	118 779.80	30 515.04	27 866.88	51 637.21	15 305.36	12 255.76
III. Cost of services	1 363 128.62	350 193.61	319 803.07	318 137.06	94 296.36	75 507.81
IV. Taxes and fees	98.00	25.18	22.99	-	-	-
V. Salaries	516 383.37	132 661.11	121 148.50	343 670.14	101 864.41	81 567.93
VI. Benefits	74 587.32	19 161.80	17 498.90	38 897.21	11 529.20	9 232.01
VII. Other costs	207 016.17	53 183.34	48 567.98	201 247.79	59 650.18	47 764.89
VIII. Cost of goods and materials sold	-	-	-	-	-	-
C Profit/Loss on sales (A-B)	- 1 883 145.37	- 483 788.15	- 441 804.00	- 974 040.96	- 288 707.38	-231 182.44
D Other operating incomes	1 215.88	312.36	285.26	32 962.41	9 770.11	7 823.42
I. Profit on sale of fixed assets	1 211.37	311.21	284.20	-	-	-
II. Subsidies	-	-	-	32 958.72	9 769.02	7 822.54
III. Other operating incomes	4.51	1.16	1.06	3.69	1.09	0.88
E Other operating costs	6 845.34	1 758.60	1 605.98	93 287.22	27 650.49	22 141.13
I. Loss on sale of fixed assets	-	-	-	442.27	131.09	104.97
II. Actualization of fixed assets	-	-	-	-	-	-
III. Other operating costs	6 845.34	1 758.60	1 605.98	92 844.95	27 519.40	22 036.16
F Profit/Loss on activity (C + D - E)	- 1 888 774.83	- 485 234.38	- 443 124.73	- 1 034 365.77	- 306 587.76	-245 500.15
G Financial incomes	71 344.96	18 328.83	16 738.21	1 866.62	553.27	443.03
I. Dividends	-	-	-	-	-	-
II. Interest incomes	70 825.23	18 195.31	16 616.28	1 866.62	553.27	443.03
III. Profit on sold investments	-	-	-	-	-	-
IV. Actualization of investments	519.73	133.52	121.93	-	-	-
V. Other	-	-	-	-	-	-
H Financial costs	3 239.78	832.31	760.08	16 420.32	4 867.01	3 897.26
I. Interest expenses	2 736.53	703.03	642.02	3 486.72	1 033.47	827.55
II. Loss on sold investments	-	-	-	-	-	-
III. Actualization of investments	-	-	-	-	-	-
IV. Other	503.25	129.29	118.07	12 933.60	3 833.54	3 069.71

PiLab Spółka Akcyjna

ul. Rzeźnicza 32-33, 50-130 Wrocław | KRS: 0000405409, NIP: 894-303-43-18, REGON: 021737247 | Sąd rejestrowy: Sąd Rejonowy dla Wrocławia-Fabrycznej we Wrocławiu | VI Wydział Gospodarczy KRS | Kapitał zakładowy: 200.700 zł w całości wpłacony

I.	Profit/Loss on total activity (F + G - H)	- 1 820 669.65	- 467 737.87	- 427 146.60	- 1 048 919.47	- 310 901.50	-248 954.38
J	Result on extraordinary incidents (J.I. - J.II.)	-	-	-	-	-	-
I.	Extraordinary gains	-	-	-	-	-	-
II.	Extraordinary losses	-	-	-	-	-	-
K	Gross Profit/Loss (I +/- J)	- 1 820 669.65	- 467 737.87	- 427 146.60	- 1 048 919.47	- 310 901.50	-248 954.38
L	Income tax	-	-	-	-	-	-
M	Other statutory appropriations of the profit	-	-	-	-	-	-
N	Net Profit/Loss (K - L - M)	- 1 820 669.65	- 467 737.87	- 427 146.60	- 1 048 919.47	- 310 901.50	-248 954.38

Source: Company

Cash flow for the period 1/10/2015 to 31/12/2015 with comparative results

CASH FLOW	IVQ2015			IVQ2014		
	PLN	USD	Euro	PLN	USD	Euro
A. Cash flows from operating activities						
I. Net profit (loss)	- 1 820 669.65	- 467 737.87	- 427 146.60	- 1 048 919.47	- 310 901.50	-248 954.38
II. Total adjustments	- 135 218.01	- 34 738.09	- 31 723.44	110 415.18	32 727.25	26 206.34
III. Net cash flows from operating activities (I +/- II)	- 1 955 887.66	- 502 475.96	- 458 870.04	- 938 504.29	- 278 174.25	-222 748.03
B. Cash flows from investment activities						
I. Inflows	406.50	104.43	95.37	5 691.06	1 686.84	1 350.74
II. Outflows	532 161.78	136 714.65	124 850.27	4 470.73	1 325.13	1 061.10
III. Net cash flows from investment activities (I-II)	- 531 755.28	- 136 610.22	- 124 754.90	1 220.33	361.71	289.64
C. Cash flows from financial activities						
I. Inflows	-	-	-	2 912 594.00	863 297.77	691 285.69
II. Outflows	30 890.37	7 935.87	7 247.18	46 210.06	13 696.74	10 967.66
III. Net cash flows from financial activities (I-II)	- 30 890.37	- 7 935.87	- 7 247.18	2 866 383.94	849 601.03	680 318.03
D. Total net cash flows (A.III. +/- B.III +/- C.III)	- 2 518 533.31	- 647 022.04	- 590 872.12	1 929 099.98	571 788.48	457 859.63
E. Balance sheet change in cash, including:	- 2 518 533.31	- 647 022.04	- 590 872.12	1 929 099.98	571 788.48	457 859.63
F. Cash opening balance	24 389 580.19	6 265 788.10	5 722 029.89	397 226.80	117 738.69	94 279.26
G. Closing balance of cash (F +/- E), including:	21 871 046.88	5 618 766.06	5 131 157.77	2 326 326.78	689 527.17	552 138.89

Source: Company

Statement of changes in share equity (funds) for the period 1/10/2015 to 31/12/2015 with comparative results

Statement of changes in share equity (funds)	IV2015		IV2015	IVQ2014		IVQ2014
	PLN	USD	Euro	PLN	USD	Euro
I. Opening balance of equity	25 747 019.28	6 614 520.05	6 040 498.14	1 506 675.24	446 581.08	357 599.80
I.a. Opening balance of equity after adjustments	25 747 019.28	6 614 520.05	6 040 498.14	1 506 675.24	446 581.08	357 599.80
II. Closing balance of equity	23 914 349.63	6 143 699.33	5 610 536.23	3 343 033.27	990 880.69	793 447.72
III. Equity including proposed profit distribution (loss coverage)	23 914 349.63	6 143 699.33	5 610 536.23	3 343 033.27	990 880.69	793 447.72

Source: Company

4. THE MANAGEMENT BOARD'S COMMENTS ON FACTORS AND EVENTS THAT AFFECT THE ACHIEVED FINANCIAL RESULTS

In fourth quarter 2015 PiLab team has generated 428 152,34 zloty of revenues, an increase by 849% comparing to fourth quarter of 2014. Company has accounted a quarterly loss of -1 820 670 zloty, comparing to quarterly loss of -1 048 919 zloty generated in IVQ 2014. Increasing losses are an obvious effect of consequently realized Company strategy. Main areas of investment are currently technology and product development and group of costs in USD connected to building an infrastructure and beta-tests in USA is also growing its importance.

5. NOTES TO FINANCIAL DATA

The following exchange rates were applied:

EUR:

from	to	for Balance Sheet statement calculations	for profit and loss account	for cash flow
30.09.2014	31.12.2014	4.2623	4.2133	4.2133
30.09.2015	31.12.2015	4.2615	4.2624	4.2624

Source: NBP

USD:

from	to	for Balance Sheet statement calculations	for profit and loss account	for cash flow
30.09.2014	31.12.2014	3.5072	3.3738	3.3738
30.09.2015	31.12.2015	3.9011	3.8925	3.8925

Source: NBP

Balance Sheet applicable exchange rate represents the exchange rate as of the last day of the month ending the relevant period.

Profit and loss account and Cash flow exchange rate represents the average of exchange rates effective on the last day of each month within the relevant period.